

News Release

June 8, 2018

Anglo Pacific Group PLC Acquisition of a Royalty on the Cañariaco Copper Project

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (as amended)

Anglo Pacific Group PLC ("**Anglo Pacific**", the "**Company**") (LSE: APF, TSX: APY) is pleased to announce that it has entered into an agreement with Entrée Resources Ltd., ("**Entrée**") to acquire an existing 0.5% Net Smelter Return Royalty (the "**Royalty**") over the Cañariaco Copper Project (the "**Cañariaco Project**") in Peru, which is 100% owned by Candente Copper Corp. ("**Candente**"), a Toronto Stock Exchange ("**TSX**") listed company.

Anglo Pacific will provide Entrée with US\$1 million (~£0.75 million) as consideration for the Royalty, payable in Anglo Pacific shares at transaction close.

Highlights of the transaction:

- Attractive copper demand outlook
- Sizable Cañariaco Norte resource base:
 - NI 43-101 M&I Resource of 7.5 billion pounds of contained copper; and,
 - Projected life of mine average production of 262 million pounds of copper per annum. ⁽¹⁾
- Long mine life - Cañariaco Norte estimated mine life of 22 years with extension potential; ⁽¹⁾
- Substantial upside - Cañariaco Sur and Quebrada Verde integration potential;
- Expected to be a low-cost operation, no firm timeline for development as yet; ⁽¹⁾
- Established mining jurisdiction - located in an area of Peru with producing mines and projects owned by Gold Fields Ltd., Newmont Mining Corp., Rio Tinto Plc, and Southern Copper Corp. amongst others; and,
- Further diversifies Anglo Pacific's development stage royalty portfolio mix.

Located in Peru, the Cañariaco Project covers an extensive porphyry complex which includes the Cañariaco Norte, Cañariaco Sur, and Quebrada Verde porphyry deposits. The Cañariaco Sur and Quebrada Verde deposits are located in close proximity to Cañariaco Norte, and potentially allow for a larger integrated operation with shared facilities and infrastructure. The Royalty area covers the Cañariaco Project in its entirety.

Candente has prepared, in compliance with National Instrument 43-101 - *Standards of Disclosure for Mineral Projects* ("**NI 43-101**"), the Cañariaco Project, Lambayeque Department, Peru, NI 43-101 Technical Report on Pre-feasibility Study Progress Report (dated with an effective date of January 18,

2011) setting out Measured and Indicated Resources for Cañariaco Norte of 7.5 billion pounds of contained copper, and Inferred Resources of 1.4 billion pounds of contained copper. Life-of-mine average metal production is estimated at 262 million pounds of copper per annum (119,000 tonnes), 37,000 ounces of gold per annum, and 850,000 ounces of silver per annum over a 22-year mine life. Production costs are estimated at US\$0.99 per pound of copper including by-product credits.

The acquisition is in line with the Company's strategy to invest smaller amounts in development stage opportunities which have the potential for higher returns along with significant growth potential. Such development royalties complement the Company's existing portfolio of income producing assets by enhancing longer-term optionality. The Company's primary focus will continue to be acquiring royalties and streams on projects that are currently cash flow generating or are expected to be in the next 24 months.

Commenting on the investment, Julian Treger, Chief Executive Officer of Anglo Pacific Group, said:

"The Cañariaco Royalty reflects the Company's increased focus on commodities which we believe will be vital in the delivery of new technology and innovation. This copper royalty supplements our Maracás Menchen vanadium royalty and our recently announced Piauí nickel-cobalt royalty, providing the Company with considerable exposure, and upside, to base materials which have a huge part to play in the energy storage and electric vehicle revolution.

"It is predicted that in the coming years declining copper grades at existing operations and the lack of recent investment into copper production capacity will lead to a supply deficit based on industrial demand sources alone. The incremental copper demand, driven by electric vehicle sales growth forecasts, creates conditions for an even tighter supply environment.

"We believe new copper supply will be required, and with a NI 43-101 compliant Measured and Indicated Resources of over 7.5 billion pounds of contained copper, the Cañariaco Project ranks as one of the largest independently owned, undeveloped copper projects. The Project's additional exploration upside, low-cost potential and location in an established mining jurisdiction indicates a positive prospect for development during the next decade.

"As part of our due diligence process when looking at new opportunities we assess the sustainability, environmental impact and social affects a project might have. We are pleased to see that in the past Candente has had regular communication with various community members, as well as social and sustainable development projects with local and international Non-Governmental Organisations with the objective of improving the lives of families in under-developed regions. They have also worked in partnership with local community leaders and the Ministry of Economy and Finance of Peru to secure central government investment in sanitation, potable water, irrigation and transportation infrastructure and educational services.

"Longer-term, the Cañariaco Project has the potential to provide economic benefits in the form of direct, full time, life of mine employment for approximately 600 people, as well as 2,000 people during construction, and in addition the potential to create indirect life of mine indirect employment for an additional 2,400 people over a 20 year mine-life."

Transaction Structure

Anglo Pacific will provide Entrée with US\$1 million (~£0.75 million) consideration at transaction close, payable by the issue of 478,951 Anglo Pacific shares at the Anglo Pacific 30-day volume weighted average price of GBp 156.61 per share as of 4 June 2018 (the "**Share Consideration**")⁽²⁾.

Entrée has agreed to hold the Share Consideration for a period of at least 90 days following the closing of the transaction.

Entrée will have the right to a portion of any future royalty income received by Anglo Pacific in relation to the Royalty as follows:

- 20% of any royalty payment received for any calendar quarter up to and including the quarter ending December 31, 2029;
- 15% of any royalty payment received for any calendar quarter commencing January 1, 2030 up to and including the quarter ending December 31, 2034; and
- 10% of any royalty payment received for any calendar quarter commencing January 1, 2035 up to and including the quarter ending December 31, 2039.

Cañariaco Project Overview ⁽¹⁾

The Cañariaco Project, 100% owned by TSX listed Candente Copper Corp., is a porphyry copper deposit within a prolific trend of producing mines and known deposits in northern Peru. Cañariaco Norte, Cañariaco Sur and a third target, Quebrada Verde, are part of an extensive porphyry complex covering a minimum length of five kilometres and an average width of two kilometres.

Cañariaco Norte

Since 2004, Candente has drilled more than 72,000 meters in over 240 drill holes to define a NI 43-101 Resource for Cañariaco Norte. A Pre-Feasibility Study Progress Report was completed in January 2011 by AMEC.

Resources Category	Tonnes (Mt)	Cu grade (%)	Au grade (g/t)	Ag grade (g/t)	Contained Cu (Bn lbs)
Measured	338.1	0.48	0.08	2.0	3.588
Indicated	414.3	0.43	0.06	1.7	3.945
Measured & Indicated	752.4	0.45	0.07	1.8	7.533
Inferred	157.7	0.41	0.06	1.7	1.433

Note: Mineral Resources at a 0.3% Cu cut-off grade.

Mining will occur as a conventional open pit extraction. The processing methodology will apply conventional technology and equipment commonly used in large copper mines throughout the global mining industry. The process includes crushing and grinding for size reduction followed by three stages of flotation with a concentrate regrinding stage to extract and recover copper, gold and silver. The process produces a concentrate containing primarily copper, with smaller amounts of gold and silver. Cañariaco Norte also contains arsenic which would report to the copper concentrate. As arsenic is a deleterious element for concentrate smelting, the Cañariaco Norte process envisages including a concentrate partial roast stage to remove arsenic from the concentrate copper. The partial roast stage will produce sulfuric acid, a marketable by-product.

The mine plan results in a total of 713.5 million tonnes of waste and 728.2 million tonnes of mill feed over a 22-year mine life (0.98:1 strip ratio). Average life-of-mine head grades to the process plant

will be 0.40 percent copper, 0.067 grams per tonne gold and 1.71 grams per tonne silver. The mine grades during the first three years of production will be higher, with average feed grades of 0.48 percent copper, 0.086 grams per tonne gold and 2.14 grams per tonne silver. Life-of-mine average metal production is estimated at 262 million pounds of copper per annum (119,000 tonnes), 37,000 ounces of gold per annum, and 850,000 ounces of silver per annum. Average operating costs are estimated at US\$0.99 per pound of copper including by-product credits.

Life-of-mine capital cost including sustaining capital and closure costs is estimated at US\$1.6 billion, with an estimated capital cost to achieve production of US\$1.4 billion.

Cañariaco Norte is estimated to have a pre-tax NPV₈ and pre-tax IRR of US\$2.0 billion and 26.8% respectively, assuming life-of-mine average commodity prices of US\$2.38 per pound of copper (~US\$5,238 per tonne), US\$16.97 per ounce of silver, and US\$1,047 per ounce of gold.

In April 2011, Candente initiated a Feasibility Study ("FS") of the Cañariaco Norte Project. In mid-2013, although well advanced and approximately 50% complete, the FS was put on hold due to the deterioration in the investment climate for small cap mining exploration companies. Amec Foster Wheeler, supported by Knight Piesold Consultants, were engaged to conduct the FS.

Cañariaco Sur Deposit and Quebrada Verde Prospect

The potential exists to discover and delineate additional Resources at the Cañariaco Sur deposit and Quebrada Verde which are located approximately 1.5 kilometres and 3 kilometres south respectively of the Cañariaco Norte Project. Should an economic deposit be delineated at either site, it is possible that development would utilise the proposed Cañariaco Norte Project facilities.

For more information, please visit www.candentecopper.com.

- 1) See the Cañariaco Project, Lambayeque Department, Peru, NI 43-101 Technical Report on Pre-feasibility Study Progress Report Prepared by AMEC Americas Ltd. for Candente Copper Corporation and dated with an effective date of 18 January 2011, a copy of which is available on www.sedar.com under Candente profile.
- 2) Anglo Pacific has received conditional approval from the TSX to list the Anglo Pacific shares forming the Share Consideration. In obtaining such conditional approval, the Company has relied on the "Interlist Exemption" contained at section 602.1 of the TSX Company Manual, which provides that the TSX will not apply its standards to certain transactions involving eligible interlisted issuers on a recognised exchange, such as the London Stock Exchange.

Entrée Resources

Entrée Resources Ltd. is a Canadian mining company with a carried joint venture interest on a significant portion of one of the world's largest copper-gold projects - the Oyu Tolgoi project in Mongolia. Entrée has a 20% carried participating interest in the Entrée/Oyu Tolgoi joint venture, with a 30% interest in all mineralization identified above 560 metres elevation on the Entrée/Oyu Tolgoi joint venture property. More information about Entrée can be found at www.EntreeResourcesLtd.com.

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About the Company

Anglo Pacific Group PLC is a global natural resources royalty and streaming company. The Company's strategy is to develop a leading international diversified royalty and streaming company with a portfolio centred on base metals and bulk materials, focusing on accelerating income growth through acquiring royalties and streams on projects that are currently cash flow generating or are expected to be within the next 24 months, as well as investment in earlier stage projects. It is a continuing policy of the Company to pay a substantial portion of these royalty and stream revenues to shareholders as dividends.